

## University of Dayton eCommons

---

Whalen News Releases

Charles W. Whalen Jr. Congressional Papers

---

4-4-1967

# News Release #67-58

Follow this and additional works at: [http://ecommons.udayton.edu/archives\\_whalen\\_news](http://ecommons.udayton.edu/archives_whalen_news)

---

### eCommons Citation

"News Release #67-58" (1967). *Whalen News Releases*. Paper 43.  
[http://ecommons.udayton.edu/archives\\_whalen\\_news/43](http://ecommons.udayton.edu/archives_whalen_news/43)

This Article is brought to you for free and open access by the Charles W. Whalen Jr. Congressional Papers at eCommons. It has been accepted for inclusion in Whalen News Releases by an authorized administrator of eCommons. For more information, please contact [frice1@udayton.edu](mailto:frice1@udayton.edu).

# NEWS from Congressman CHARLES W. WHALEN, Jr.

1428 Longworth Office Bldg.  
Washington, D.C. 20515  
(202) 225-6465

#67-58

April 4, 1967

FOR RELEASE: Not Before 8:30 p.m., WEDNESDAY, APRIL 5, 1967

Congressman Charles W. Whalen, Jr., (R-Ohio) tonight proposed gradual implementation of a Negative Income Tax as an alternative to expanding present poverty programs.

Whalen, a former economics professor, called for direct payments to families whose total income falls below taxable levels.

The amount would be based on the percentage by which that income is exceeded by total deductions. The net effect is an income tax in reverse.

Whalen recommended starting with payments equal to 10 percent of the income deficiency. The maximum would be 50 percent, but only after the program is tested and the Vietnam War terminated.

Whalen made the proposal in a speech titled "The Great Society--A Critique And Alternative," delivered during a symposium discussion of Great Society Programs at 8 p.m. tonight at Ohio State

(more)



University in Columbus, O. Other participants included John Kenneth Galbraith, Harvard economist; Sen. Walter Mondale, (D-Minn.); and Dr. Seymour Lipset, Harvard Sociologist.

Whalen said millions of Americans have benefitted from income tax reductions except for the poor, "those who pay little or no income tax."

"Instead of increasing federal spending for the indirect benefit of the poor, I propose that they be helped directly by a return of federal revenues."

Whalen said "expanding federal expenditures to erect a new bureaucracy to determine how further benefits should be distributed to the poor merely will compound existing errors."

Whalen contended that a Negative Income Tax would cover all, not just the few, reduce dependence on case workers and government officials, improve incentives, provide a better market economy, and be self-liquidating.

Whalen attacked the notion that a Negative Income Tax would lessen the incentive to work.

He said the poor literally pay a 100 percent tax since their benefits are reduced by an amount corresponding to the pay received when they accept part-time or seasonal work.

"Under a Negative Income Tax system they would be entitled to keep at least one half of their additional earnings, thus, in effect, placing them in a 50 percent income tax bracket," Whalen said.

Whalen also discounted fears of equalizing everyone's income through the device of a negative income tax, which he described as "no more dangerous than the graduated federal income tax which has been in effect since 1913."

Whalen estimated the cost of the program at \$11 billion annually, "less than one half that amount now allocated to our military effort in Vietnam."

Because of the war, Whalen recommended initiation at the 10 percent level, or \$2 billion annually, until the war ends.

(more)



Whalen cited as an example of the plan a hypothetical family of four. Under the plan, they would receive some degree of assistance as long as its total income remained below \$5,500 per year.

If the pre-tax income were \$2,500, the family would receive payments amounting to one half of the difference between its \$2,500 income and the \$5,500 break-off point. The amount -- \$1,500 -- added to its basic \$2,500, would total \$4,000 a year.

With a \$10 a week raise, the family's payment from the government would be reduced by half that amount. Income then would be \$4,260 annually, thus providing an incentive lacking in present welfare plans, Whalen said.

He said substantial progress has been made in reducing poverty but the rate has slowed with a decline of only 4 percent since 1956.

In addition, certain groups have made no advancement while others have become more entrenched, Whalen said.

And, although poor, non-white households declined by 200,000 between 1959 and 1964, "it is still important to note that in 1964 almost 48 percent of the non-white families were below the poverty-income level of \$3,000."

Whalen contended there is a "hopeless gap between administration aims and its ability to achieve them."

He cited profusion of programs -- "the Bureau of the Budget does not even try to count them, relying instead on estimates by the Library of Congress" -- and comments by major officials not to expect too much of the government in better administration of the programs.

Whalen identified seven weaknesses in the present approach.

He said the individual's freedom of choice is restricted, "thus providing the poor with the wrong incentives."

"...It is evident that, under the present system, the low-income person is discouraged from trying to work, from trying to save, from trying to support his family and from trying to obtain a better job," Whalen declared.

(more)



He cited estimates that federal poverty programs in 1966 reached only one in ten of the poor.

The Negative Income Tax plan, Whalen said, based on a forthcoming Ripon Society (a Republican research and policy organization) proposal, would not be revolutionary but "gradualistic."

"Implementation by the federal government can be gradual, starting with a low income level and a high tax rate...adjusted in response to the results produced," Whalen said.

"Concurrently, the response will be gradual -- a step by step process of self-advancement...a sound and sensible way to attack one of the nation's most serious problems."